

TO: School District Superintendent

FROM: Gary M. Sherman, Administrator, Special Populations Office

DATE: April 19, 2004

RE: IDEA Funding for Special Education

As a result of various factors recently impacting the special education reimbursement process, the amount of special education dollars (state and federal) received by school districts and being applied to excess costs (birth to age 21) now varies among school districts. The purpose of this memo is to provide assistance to school districts as they consider use of the multiple special education funding sources currently available.

The three major sources for special education payments made by the Nebraska Department of Education (NDE) to school districts are: state general funds, Local Education Agency (LEA) IDEA "base" allocation and LEA IDEA Enrollment/Poverty allocation.

The state general fund appropriation is the basis for making prorated payments to school districts for school age special education services. State statute allows for but does not assure a five percent (5%) increase annually in the special education appropriation. The State of Nebraska is required to "maintain effort" to meet federal regulations, therefore, the state special education general fund appropriation should not be less than the previous year's appropriation.

The Individuals with Disabilities Education Act (IDEA) grant includes two LEA funding allocations, a "base" allocation as well as an allocation calculated on school district enrollment and poverty. The following IDEA LEA flow through allocations are made available to those school districts meeting maintenance of effort (MOE) as per federal regulations:

?? Due to changes required by the federal office, the IDEA "base" flow through allocation is now calculated and distributed on the 1998 special education child count (ages 3-21). This IDEA "base" allocation is capped and will **not** increase. Nebraska, as per state statute, has historically used these IDEA "base" flow through dollars to fund Below Age Five (BAF) services.

?? Regarding the IDEA Enrollment/Poverty (IDEA E/P) flow through allocation, eighty-five percent (85%) of the funds are distributed based on the total district population (public school membership) of children ages 3 to 21 and fifteen percent (15%) of the funds are distributed based on poverty (children registered for free and reduced meals). These dollars may be used to supplement school age and/or below age five special education costs.

Future increases in IDEA funding are anticipated and any increases are coming via the LEA IDEA E/P allocation (i.e., approximately 25% increase for 2004-05). It is the Department's intent to provide guidance that will allow school districts to apply IDEA dollars annually to achieve at least the same percentage of funding for Below Age Five (BAF) services as is available through state general funds for school age services (i.e., annually established threshold for BAF funding).

Should a combination of LEA IDEA "base" and LEA IDEA E/P dollars available to a district not be sufficient to annually achieve the threshold established for BAF funding, NDE intends to use dollars from the State Set-Aside allocation, as available, to provide supplemental funding to achieve the BAF threshold. Districts accepting these supplemental dollars would need all IDEA dollars received to be applied toward the costs of BAF services to achieve the threshold for BAF funding. School districts receiving sufficient LEA IDEA flow-through (IDEA "base" and/or IDEA E/P) dollars to achieve the annually established BAF funding threshold, may use any remaining IDEA dollars to supplement school age and/or BAF special education costs not covered by state or federal payments (i.e., increase the percentage of excess costs being paid for school age and/or BAF) or to expand special education services (birth to age 21).

The attached examples have been developed to provide further assistance to school districts in the use of the multiple funding sources now available for special education. Also attached find an **estimate** of your district's projected LEA IDEA flow-through dollars for the 2004-05 school year. If you have questions, please feel free to contact Pete Biaggio or your regionally assigned Special Populations Office consultant (402/471-2471), or Greg Prochazka (402-471-4314).

cc: SPED Directors
Business Managers
ESU Administrators

Attachments

EXAMPLES—IDEA FUNDING

KEY

LEA = Local Education Agency

BAF = Below Age Five

IDEA E/P = IDEA Enrollment/Poverty

	A BAF Threshold (i.e., 70% est. costs Program & Transportation)	B LEA IDEA Base	C Amt. Needed to achieve BAF Threshold	D LEA IDEA E/P Available	E LEA IDEA E/P Applied to BAF	F** IDEA NDE Supplement to Achieve BAF Threshold	G*** LEA IDEA E/P Remaining	Total IDEA Funds (B + D + F)
School District Example #1	\$500,250	\$308,500	\$191,750	\$343,500	\$191,750	-----	\$151,750	\$652,000
School District Example #2	\$70,000	\$28,000	\$42,000	\$35,000	\$35,000	\$7,000	-----	\$70,000
School District Example #3	\$67,500 <u>600*</u> \$68,100	\$24,500	\$43,600	\$14,515	\$14,515	\$29,085	-----	\$68,100
School District Example #4	*\$38,000 <u>1,000</u> 39,000	\$26,750	\$12,250	\$36,900	\$12,250	-----	\$24,650	\$63,650
School District Example #5	\$18,000	\$39,500	\$18,000	\$48,000	-----	-----	\$69,500	\$87,500
School District Example #6	-0-	\$26,750	-----	\$43,000	-----	-----	\$69,750	\$69,750

* Includes costs of participation in ESU Below Age Five Cooperative Program

** Column E First priority for use of the IDEA base dollars is BAF. School districts not able to achieve the annually established BAF funding threshold through a combination of their IDEA “base” and IDEA E/P dollars will be eligible to receive supplemental funding, as available, through use of a portion of the NDE State Set-Aside allocation. School districts accepting these supplemental funds would need all IDEA funds received to be applied toward BAF costs to achieve the BAF funding threshold.

*** Column G For school districts meeting maintenance of effort requirements, these funds may be used to supplement school age and/or below age five special education costs not covered by state or federal payments (i.e., increase the percentage of excess costs being paid for school age and/or BAF) or to expand special education services.